

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**WATER DIVISION  
Water Branch**

**RESOLUTION NO. W-4494  
September 23, 2004**

**R E S O L U T I O N**

**(RES. W-4494), ROGINA WATER COMPANY, INC. (RWC). ORDER  
AUTHORIZING A SURCHARGE OF \$1.62 PER MONTH FOR ONE  
YEAR TO AMORTIZE \$18,425 IN RWC'S UNANTICIPATED EVENT  
MEMORANDUM ACCOUNT.**

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**SUMMARY**

By Advice Letter No. 46, filed July 15, 2004, RWC seeks to assess a surcharge of \$1.62 per month for twelve months to amortize a \$18,425 unanticipated event memorandum account. This resolution grants the requested increase and requires the utility to submit an informal General Rate Case request within six months.

**BACKGROUND**

RWC, a Class C water utility, serves approximately 988 customers in the unincorporated community of Talmage and vicinity, located approximately three mile east of Ukiah in Mendocino County. The present rates became effective August 2, 2003, pursuant to Decision (D.) 92-03-093. According to D.92-03-093, Class C utilities may request an annual increase per the Consumer Price Index (CPI) value. The CPI increase for 2002 was 1.9%. The last general rate case increase, Res. W-3853, dated June 8, 1994, authorized an increase of \$25,131 (or 9.6%) and a rate of return of 11.3% on a rate base of \$436,814. RWC is currently earning a rate of return of 7.0%, which is below the last authorized rate of return.

The purpose of this advice letter is to amortize the accumulated accruals in the unanticipated event memorandum balancing account. During its investigation, the Water Branch discovered the utility's last test year was 1994. We require RWC to submit an informal general rate increase request within six months.

**DISCUSSION**

In May of 2004, RWC experienced an unanticipated pump failure, which unexpectedly stopped producing the water necessary to serve its customers. The company immediately repaired the pump and reconditioned its motor at a cost of \$18,425.

In RWC's last general rate case, \$13,600 was included for Contract Work to cover equipment rentals, occasional labor and water testing fees. Over the past two years, the average expense in this account was over \$16,000.

While the utility has requested CPI inflation increases, the utility has not submitted a general rate increase request in over a decade.

All customers will experience a one-time surcharge of \$19.48 per customer to be collected at the rate of \$1.62 per month for twelve months beginning with the authorization of this resolution. This amount of \$18,425 will not be recorded as part of the company's rate base.

Service is satisfactory. There are no Commission orders requiring system improvements or significant service problems requiring corrective action.

### **NOTICE AND PROTESTS**

Notice of this filing was published in the local newspaper, the Ukiah Daily Journal, on July 18, 2004. No other party has requested notification and no protests have been received.

### **FINDINGS**

1. RWC experienced an unanticipated pump failure causing an unexpected expense of \$18,425 to restore water service.
2. RWC should collect the surcharge of \$1.62 per month for twelve months beginning October 1, 2004. The increase will not place the utility over its last authorized rate of return of 11.3%.
3. The twelve-month surcharge should be eliminated by September 30, 2005.
4. This is an uncontested matter subject to public notice and comment exclusion provided in Public Utilities Code §311(g)(3).
5. The company should file an informal general rate case request within six months.
6. The Commission finds, after investigation by the Water Branch, that the increase hereby authorized is justified and the resulting rates are just and reasonable.

**IT IS ORDERED** that:

1. Rogina Water Company is authorized, to make effective revised Schedule No. 1, General Metered Service, and Schedule No. 3M, Irrigation Service, as filed in Advice Letter No. 46, and concurrently to cancel the presently effective rate schedules. The effective date of the revised rate schedules shall be October 1, 2004.
2. Rogina Water Company shall collect the twelve-month surcharge beginning October 1, 2004.
3. The Rogina Water Company's twelve-month surcharge will be eliminated by September 30, 2005.
4. Rogina Water Company shall file an informal general rate increase request within six months after the effective date of this resolution.
5. This resolution is effective today.

I certify the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on September 23, 2004; the following Commissioners voting favorably thereon:

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STEVE LARSON  
Executive Director

MICHAEL R. PEEVEY  
President  
CARL W. WOOD  
LORETTA M. LYNCH  
GEOFFREY F. BROWN  
SUSAN P. KENNEDY  
Commissioners